

interim financial statements

**Interim Financial statements
for the period ended March 31, 2011
(Unaudited)**

Uranium One Inc.

Consolidated Income Statements - Unaudited

For the three months ended March 31, 2011 and 2010

	Notes	Period ended	
		Mar 31, 2011 US\$m	Mar 31, 2010 US\$m
Revenues		101.9	35.5
Cost of sales			
Operating expenses		(23.3)	(14.0)
Depreciation		(27.4)	(11.8)
Earnings from mine operations		51.2	9.7
General and administrative	3	(12.2)	(9.4)
Exploration expense		(1.2)	(0.9)
Impairment of mineral interests, plant and equipment		-	(1.2)
Care and maintenance		(0.3)	(1.6)
Operating earnings / (loss)		37.5	(3.4)
Finance income	4	1.8	1.0
Finance expense	4	(11.5)	(10.8)
Foreign exchange (loss) / gain		(5.3)	4.0
Other		(0.9)	8.4
Earnings / (loss) before income taxes		21.6	(0.8)
Current and deferred income tax expense		(7.6)	(0.6)
Net earnings / (loss)		14.0	(1.4)
Net earnings / (loss) per share			
Basic		0.01	(0.00)
Diluted		0.01	(0.00)
Weighted average number of shares (millions)			
Basic	14	957.2	587.3
Diluted	14	1,049.7	587.3

Consolidated Statements of Comprehensive Income - Unaudited

For the three months ended March 31, 2011 and 2010

	Notes	Mar 31, 2011 US\$m	Mar 31, 2010 US\$m
Other comprehensive income / (loss) for the period			
Unrealized gain recognized on translation of foreign operations		15.9	3.7
Fair value adjustments on available-for-sale securities, net of tax		-	(1.5)
Total other comprehensive income for the period		15.9	2.2
Net earnings / (loss)		14.0	(1.4)
Total comprehensive income		29.9	0.8

The accompanying notes, including note 21 – First time adoption of International Financial Reporting Standards, form an integral part of these Interim Consolidated Financial Statements

Consolidated Balance Sheets - Unaudited

As at March 31, 2011, December 31, 2010 and January 1, 2010

	Notes	As at Mar 31, 2011 US\$m	As at Dec 31, 2010 US\$m	As at Jan 1, 2010 US\$m
ASSETS				
Current assets				
Cash and cash equivalents	13	371.8	324.4	148.5
Trade and other receivables		70.6	103.4	42.4
Inventories	6	98.7	90.0	68.8
Other assets	8	12.6	12.8	23.4
		553.7	530.6	283.1
Non-current assets				
Mineral interests, property, plant and equipment	7	2,364.0	2,339.9	1,305.0
Loans to joint ventures	5	14.6	28.7	29.3
Other assets	8	58.4	58.9	85.7
		2,437.0	2,427.5	1,420.0
Total assets		2,990.7	2,958.1	1,703.1
LIABILITIES				
Current liabilities				
Trade and other payables		57.1	72.2	45.7
Current tax payable		13.9	13.8	1.6
Interest bearing liabilities	9	64.2	60.1	68.6
Provisions	11	-	-	20.2
Current portion of convertible debentures	10	158.3	151.4	-
Other liabilities	12	35.0	36.0	132.1
		328.5	333.5	268.2
Non-current liabilities				
Interest bearing liabilities	9	82.5	86.2	47.6
Convertible debentures	10	220.7	208.7	140.9
Provisions	11	65.9	65.1	74.5
Deferred tax liabilities		331.2	334.0	138.4
Other liabilities	12	0.4	0.4	13.1
		700.7	694.4	414.5
Total liabilities		1,029.2	1,027.9	682.7
EQUITY				
Share capital		5,325.4	5,325.4	3,823.3
Reserves		253.5	236.2	178.9
Deficit		(3,617.4)	(3,631.4)	(2,981.8)
		1,961.5	1,930.2	1,020.4
Total equity and liabilities		2,990.7	2,958.1	1,703.1

The accompanying notes, including note 21 – First time adoption of International Financial Reporting Standards, form an integral part of these Interim Consolidated Financial Statements

Consolidated Statements of Changes in Equity - Unaudited

For the periods ending March 31, 2011 and December 31, 2010

	Number of shares (millions)	Share capital US\$m	Reserves			Deficit US\$m	Total US\$m
			Equity-settled employee benefits reserve US\$m	Equity component of convertible debentures US\$m	Accumulated other comprehensive income US\$m		
Balance as at January 1, 2010	587.4	3,823.3	132.3	46.5	0.1	(2,981.8)	1,020.4
Net loss for the period	-	-	-	-	-	(153.7)	(153.7)
Special cash dividend	-	-	-	-	-	(492.9)	(492.9)
Stock options and restricted shares vested	-	-	13.9	-	-	-	13.9
Exercise of stock options and restricted shares	13.5	67.8	(32.5)	-	-	-	35.3
Unrealized gain recognized on translation of foreign operations	-	-	-	-	6.9	-	6.9
Unrealized fair value adjustments on available for sale securities	-	-	-	-	(10.7)	-	(10.7)
Realized fair value adjustments on available for sale securities	-	-	-	-	10.6	-	10.6
JUMI Debentures issued	-	-	-	125.7	-	-	125.7
JUMI Debentures redeemed	-	-	-	(125.7)	-	(3.0)	(128.7)
2010 Debentures issued	0.1	-	-	69.1	-	-	69.1
ARMZ private placement	178.1	602.7	-	-	-	-	602.7
Acquisition of Akbastau and Zarechnoye	178.1	831.6	-	-	-	-	831.6
Balance as at December 31, 2010	957.2	5,325.4	113.7	115.6	6.9	(3,631.4)	1,930.2
Net earnings for the period	-	-	-	-	-	14.0	14.0
Stock options vested	-	-	1.4	-	-	-	1.4
Unrealized gain recognized on translation of foreign operations	-	-	-	-	15.9	-	15.9
Balance as at March 31, 2011	957.2	5,325.4	115.1	115.6	22.8	(3,617.4)	1,961.5

January 1, 2010	587.4	3,823.3	132.3	46.5	0.1	(2,981.8)	1,020.4
Net loss for the period	-	-	-	-	-	(1.4)	(1.4)
Stock options and restricted shares vested	-	-	2.0	-	-	-	2.0
Exercise of stock options and restricted shares	0.1	0.7	(0.6)	-	-	-	0.1
Unrealized gain recognized on translation of self-sustaining foreign operations	-	-	-	-	3.7	-	3.7
Fair value adjustments on available for sale securities	-	-	-	-	(1.5)	-	(1.5)
JUMI Debentures	-	-	-	125.7	-	-	125.7
March 31, 2010	587.5	3,824.0	133.7	172.2	2.3	(2,983.2)	1,149.0

The accompanying notes, including note 21 – First time adoption of International Financial Reporting Standards, form an integral part of these Interim Consolidated Financial Statements

Consolidated Statements of Cash Flows - Unaudited

For the three months ended March 31, 2011 and 2010

	Notes	Period ended	
		Mar 31, 2011	Mar 31, 2010
		US\$m	US\$m
Net earnings / (loss)		14.0	(1.4)
Items not affecting cash:			
- Depreciation		27.4	11.8
- Impairment of mineral interests, property plant and equipment		-	1.2
- Interest accrued		11.5	10.8
- Income tax expense		13.3	3.2
- Unrealized foreign exchange loss / (gain)		6.8	(5.1)
- Deferred tax recovery		(5.7)	(2.6)
- Fair value adjustment on financial liabilities		-	(10.4)
- Other		1.7	(2.3)
Movement in non-cash working capital		12.7	(0.2)
Operating cash flows before interest and tax		81.7	5.0
Cash tax paid		(13.2)	(4.2)
Cash interest paid		(1.5)	(0.6)
Cash flows from operating activities		67.0	0.2
Acquisition of mineral interests, plant and equipment		(27.9)	(21.0)
Cash payments for other assets		(5.7)	(17.4)
Business combinations		-	(28.9)
Acquisition of available for sale securities		-	(26.4)
Karatau promissory note and contingent payment		-	(111.8)
Other		-	(0.1)
Cash flows used in investing activities		(33.6)	(205.6)
Common shares issued, net of issue costs		-	0.1
Net loans received by joint ventures		12.9	12.3
Debentures issued, net of issue costs		-	498.6
Cash flows from financing activities		12.9	511.0
Effects of exchange rate changes on cash and cash equivalents		1.1	5.9
Net increase in cash and cash equivalents		47.4	311.5
Cash and cash equivalents at the beginning of the period		324.4	148.5
Cash and cash equivalents at the end of the period		371.8	460.0

Supplemental cash flow information (note 13)

The accompanying notes, including note 21 – First time adoption of International Financial Reporting Standards, form an integral part of these Interim Consolidated Financial Statements

Notes to the Consolidated Financial Statements - Unaudited

as at March 31 2011, December 31, 2010 and January 1, 2010

1 NATURE OF OPERATIONS

Uranium One Inc. ("Uranium One"), its subsidiaries and joint ventures (collectively, the "Corporation") is a Canadian Corporation engaged through subsidiaries and joint ventures in the mining and production of uranium, and in the acquisition, exploration and development of properties for the production of uranium in Kazakhstan, the United States, Australia and Canada. The Corporation's registered head office address is 1285 West Pender Street, Suite 900, Vancouver, British Columbia, Canada, V6E 4B1.

Uranium One is a controlled company, with JSC Atomredmetzoloto ("ARMZ") owning 51.4% of the outstanding common shares. The Corporation holds a 70% interest in the Betpak Dala joint venture, which owns the Akdala and South Inkai uranium mines in Kazakhstan, a 50% interest in the Karatau joint venture, which owns the Karatau uranium mine in Kazakhstan, a 50% interest in the Akbastau joint venture, which owns the Akbastau uranium mine in Kazakhstan, a 49.67% interest in the Zarechnoye joint venture, which owns the Zarechnoye uranium mine in Kazakhstan, and a 30% interest in the Kyzylkum joint venture, which owns the Kharasan Project in Kazakhstan. In the United States, the Corporation owns projects in the Powder River and Great Divide basins in Wyoming. The Corporation owns a 51% interest in the Honeymoon Uranium Project in Australia. The Corporation owns, either directly or through joint ventures, a large portfolio of uranium exploration properties in the western United States, South Australia, and Canada.

The financial statements were approved on May 10, 2011.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and consolidation

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34"). These are the Corporation's first consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS 1 - First-time Adoption of International Financial Reporting Standards has been applied.

The preparation of the interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The interim financial statements do not include all of the required disclosures which would be included in the annual financial statements.

The interim financial statements include the accounts of Uranium One, its subsidiaries and the proportionate share of its interests in joint ventures. All intercompany balances and transactions have been eliminated.

Functional and presentation currency

These interim financial statements are presented in US dollars. The functional currency of Uranium One Inc, is the Canadian dollar. Judgment is requirement to determine the functional currency of each entity. These judgments are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances.

Adoption of new and revised International Financial Reporting Standards

The policies applied in these interim consolidated financial statements are based on IFRS issued and outstanding as of May 10, 2011. Any subsequent changes to IFRS that are given effect in the Corporation's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on transition to IFRS.

Detailed disclosures of the effects of transition to IFRS from Canadian GAAP can be found below in note 21.

Joint ventures

The Corporation undertakes a number of business activities through joint ventures. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The interim financial statements include the Corporation's proportionate share of the entities' assets, liabilities, revenue and expenses with items of a similar nature on a line-by-line basis, from the date that joint control commences until the date that joint control ceases. The Corporation has interests in two types of joint ventures:

Jointly controlled entities

A jointly controlled entity is a corporation, partnership or other entity in which each participant holds an interest. A jointly controlled entity operates in the same way as other entities, controlling the assets of the joint venture, earning its own income and incurring its own liabilities and expenses.

Notes to the Consolidated Financial Statements - Unaudited

as at March 31 2011, December 31, 2010 and January 1, 2010

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Jointly controlled assets

The Corporation has contractual agreements with other participants to engage in joint activities that do not give rise to a jointly controlled entity. These arrangements involve the joint ownership of assets dedicated to the purposes of each venture but do not create a jointly controlled entity as the participants directly benefit from the operation of their jointly owned assets, rather than deriving returns from an interest in a separate entity.

Business combinations

Business combinations are accounted for by applying the acquisition method of accounting, whereby the purchase consideration of the combination is allocated to the identifiable net assets on the basis of fair value on acquisition. Mineral rights that can be reliably valued are recognized in the assessment of fair values on acquisition. Other potential mineral rights for which values cannot be reliably determined are not recognized.

Measurement and reporting currency

Financial statements of subsidiaries, joint ventures and associates, are maintained in their functional currencies and converted to US dollars for consolidation of the Corporation's results. The functional currency of each entity is determined after consideration of the primary economic environment of the entity.

Transactions denominated in foreign currencies (currencies other than the functional currency of an operation) are translated at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at closing exchange rates.

On translation of foreign operations with functional currencies other than the US dollar, income statement items are translated at average rates of exchange where this is a reasonable approximation of the exchange rate at the dates of the transactions. Balance sheet items are translated at closing exchange rates. Gains or losses on translation of foreign operations are recorded in the foreign currency translation reserve in equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated income statement.

Inventories

Solutions and concentrates in process and finished concentrates are valued at the lower of average production cost or net realizable value. Production costs include the cost of raw materials, direct labour, mine-site related overhead expenses and depreciation of Mineral interest, property, plant and equipment.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Materials and supplies are valued on the weighted average basis and recorded at the lower of average cost or replacement cost.

Notes to the Consolidated Financial Statements - Unaudited

as at March 31 2011, December 31, 2010 and January 1, 2010

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Exploration and evaluation expenditure

Exploration and evaluation expenditure comprises costs that are directly attributable to:

- researching and analysing existing exploration data;
- conducting geological studies, exploratory drilling and sampling;
- examining and testing extraction and treatment methods; and
- activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

Exploration expenditure relates to the initial search for deposits with economic potential. Evaluation expenditure arises from a detailed assessment of deposits or projects that have been identified as having economic potential. Expenditure on exploration activity is not capitalized. Capitalization of evaluation expenditure commences when there is a high degree of confidence in the project's viability and hence it is probable that future economic benefits will flow to the Corporation.

The carrying values of capitalised amounts are reviewed annually, or when indicators of impairment are present. In the case of undeveloped projects there may be only inferred resources to form a basis for the impairment review. The review is based on the Corporation's intentions for development of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project are charged to the consolidated income statement.

Development expenditure

Development commences when approved by Management. Development expenditures are capitalised and classified as assets under construction. Development expenditure includes the pre-commercial production costs, net of proceeds from the sale of extracted product during the development phase, and wellfield development costs. On completion of development, the completed assets included in assets under construction are reclassified as property, plant and equipment.

Mineral interests

Mineral interests are recorded at cost less accumulated depreciation and impairment charges. Mineral interest costs include the purchase price of mineral properties.

The costs associated with mineral interests are separately allocated to reserves, resources and exploration potential, and include acquired interests in production, development and exploration stage properties representing the fair value at the time they were acquired.

Upon sale or abandonment of any mineral interest, the cost and related accumulated depreciation, are written off and any gains or losses thereon are included in the consolidated income statement.

Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation and accumulated impairment losses. Plant and equipment includes its purchase price, any costs directly attributable to bringing plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated close down and restoration costs associated with dismantling and removing the asset.

Upon sale or abandonment of any property, plant and equipment, the cost and related accumulated depreciation, are written off and any gains or losses thereon are included in the consolidated income statement.

Depreciation of mineral interests, property, plant and equipment

The carrying amounts of mineral interests, property, plant and equipment are depreciated to their estimated residual value over the estimated economic life of the specific assets to which they relate, or using the straight-line method over their estimated useful lives indicated below.

Notes to the Consolidated Financial Statements - Unaudited

as at March 31 2011, December 31, 2010 and January 1, 2010

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of remaining depreciation charges. Depreciation commences on the date when the asset is available for use.

- Mineral interests - based on reserves on a unit of production basis
- Assets under construction - not depreciated
- Plant and equipment - 12 to 15 years straight-line or on a unit of production basis
- Buildings - 6 to 40 years straight-line or on a unit of production basis

Impairment

Formal impairment tests are carried out annually and whenever there is an indication of impairment for intangible assets with indefinite useful lives. The Corporation reviews the carrying amounts of its tangible and intangible assets with finite lives to determine whether there are any indications of impairment, at the end of each reporting period. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is determined as the higher of fair value less direct costs to sell and the asset's value in use.

Fair value is defined as the amount that would be obtained from the sale, in an arm's length transaction, between knowledgeable and willing parties. Fair value for mineral interests, plant and equipment is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the Corporation's continued use and cannot take into account future development.

The Corporation's weighted average cost of capital is used as a starting point for determining the discount rates, with appropriate adjustments for the risk profile of the countries in which the individual cash generating units operate and the specific risks related to the development of the project.

Where the asset does not generate cash flows that are independent of other assets, the Corporation estimates the recoverable amount of the cash generating unit to which the asset belongs. If the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense in the consolidated income statement.

Non financial assets that have been impaired are tested at the end of each reporting period for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed. Where an impairment subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset or cash generating unit in prior years. A reversal of impairment is recognized as a gain in the consolidated income statement.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sales transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets or disposal groups are available for immediate sale in their present condition. The Corporation must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year of the date of classification.

Non-current assets held for sale are carried at the lower of the carrying amount prior to being classified as held for sale, and the fair value less costs to sell. Where the fair value less costs to sell is lower than the carrying amount at the time of classification as held for sale, the resulting impairment is recognised in the consolidated income statement in that period.

A non-current asset is not depreciated while classified as held for sale. A non-current asset held for sale is presented separately in the consolidated balance sheet. The assets and liabilities of a disposal group classified as held for sale are presented separately as one line in the assets and liabilities sections on the face of the balance sheet. Comparative balance sheet information is not restated.

Borrowing costs

Borrowing costs directly relating to the financing of the acquisition, construction or production of qualifying assets are capitalized to the cost of those assets until such time as they are substantially ready for their intended use or sale. Where funds have been borrowed specifically to finance an asset, the amount capitalized is the actual borrowing costs incurred. Where the funds used to finance an asset form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Corporation during the period.

Transaction costs related to the establishment of a loan facility are capitalized and amortized over the life of the facility. Other borrowing costs are recognized in the consolidated income statement in the period in which they are incurred.

Notes to the Consolidated Financial Statements - Unaudited

as at March 31 2011, December 31, 2010 and January 1, 2010

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

Provisions are recognised when the Corporation has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows.

Environmental protection, rehabilitation and closure costs

The mining, extraction and processing activities of the Corporation normally give rise to obligations for site closure or rehabilitation. Provision is made for close down, restoration and for environmental rehabilitation costs, which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas, in the financial period when the related environmental disturbance occurs, based on the estimated future costs using information available at the balance sheet date.

At the time of establishing the provision, a corresponding asset is capitalised, where it gives rise to a future benefit, and depreciated over future production from the operations to which it relates. The provision is discounted to its present value using a risk free rate relevant to the jurisdiction in which the rehabilitation has to be performed. The unwinding of the discount is included in the finance expense. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognised as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation.

The provision is reviewed on an annual basis for changes to obligations, legislation or discount rates that impact estimated costs or lives of operations. The cost of the related asset is adjusted for changes in the provision resulting from changes in the estimated cash flows or discount rate and the adjusted cost of the asset is depreciated prospectively. Rehabilitation trust funds holding monies committed for use in satisfying environmental obligations are included within other assets on the consolidated balance sheet.

Revenue

Revenue from uranium sales is recognized when persuasive evidence of an arrangement exists, the risks and rewards of ownership pass to the purchaser, including delivery of the product, the selling price is fixed or determinable, and collectability is reasonably assured.

On deliveries to conversion facilities ("Converters"), the Converter credits the Corporation's account for the volume of accepted uranium. Based on delivery terms in a sales contract with its customer, the Corporation instructs the Converter to transfer title of a contractually specified quantity of uranium to the customer's account at the Converter. At this point, the Corporation invoices the customer and recognizes revenue for the uranium supply.

On deliveries to locations other than converters, as agreed with the customer, the Corporation delivers uranium to the agreed location. At this point, the Corporation invoices the customer and recognizes revenue for the uranium supply.

The Corporation does not recognize revenue in circumstances where it delivers borrowed material into contracts.

Current tax

Current tax for each taxable entity in the Corporation is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the balance sheet date, and includes adjustments to tax payable or recoverable in respect of previous years.

Notes to the Consolidated Financial Statements - Unaudited

as at March 31 2011, December 31, 2010 and January 1, 2010

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax

Deferred tax is accounted for using the balance sheet liability method, providing for the tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their respective tax bases.

Deferred income tax liabilities are recognized for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss in respect of taxable temporary differences associated with investments in subsidiaries and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and losses can be utilized, except where the deferred income tax asset related to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries and interest in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilized. To the extent that an asset not previously recognized fulfils the criteria for recognition, a deferred income tax asset is recorded.

Deferred tax is measured on an undiscounted basis using the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax relating to items recognized directly in equity are recognized in equity and not in the consolidated income statement.

Mining taxes and royalties are treated and disclosed as current and deferred taxes if they have the characteristics of an income tax. This is considered to be the case when they are imposed under government authority and the amount payable is calculated by reference to revenue derived (net of any allowable deductions) after adjustment for items comprising temporary differences.

Stock based compensation

The Corporation grants share-based awards, including restricted share rights and options, to certain employees. For equity-settled awards, the fair value is charged to the consolidated income statement and credited to the related reserve account, on a straight-line basis over the vesting period, after adjusting for the estimated number of awards that are expected to vest.

The fair value of the equity-settled awards is determined at the date of the grant. In calculating fair value, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Corporation. The fair value is determined by using the Black-Scholes option pricing model. At each balance sheet date, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognised in the consolidated income statement with a corresponding entry against the related reserve. No expense is recognised for awards that do not ultimately vest.

Under Uranium One's Stock Option Plan, options granted are non-assignable and may be granted for a term not exceeding ten years. The plan is administered by the Board of Directors, which determines individual eligibility under the plan, the number of shares reserved underlying the options granted to each individual (not exceeding 5% of issued and outstanding shares to any insider and not exceeding 1% of the issued and outstanding shares to any non-employee director on a non-diluted basis) and any vesting period which, pursuant to the stock option plan is one-third on the first anniversary of the grant date, one-third on the second anniversary of the grant date and the remainder on the third anniversary of the grant date. The maximum number of shares of Uranium One that are issuable pursuant to the plan is limited to 7.2% of issued and outstanding shares.

Notes to the Consolidated Financial Statements - Unaudited

as at March 31 2011, December 31, 2010 and January 1, 2010

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Earnings / loss per share

Earnings / loss per share calculations are based on the weighted average number of common shares and common share equivalents issued and outstanding during the period. The calculation of diluted earnings per share assumes that outstanding options and warrants that are dilutive to earnings per share are exercised and the proceeds are used to repurchase shares of Uranium One at the average market price of the shares for the period. The effect is to increase the number of shares used to calculate diluted earnings per share. The impact of outstanding share options and warrants are excluded from the diluted share calculation for loss per share amounts, because it is anti-dilutive. The if-converted method is used to compute the dilutive effect of convertible debt. The dilutive effect of contingently issuable shares is computed by comparing the conditions required for issuance of shares against those existing at the end of the period.

Financial instruments

The Corporation's financial instruments primarily consist of cash, short-term money market investments, marketable securities, accounts receivable, accounts payable and accrued liabilities, loans to joint ventures, draw downs against credit facilities, other loans, uranium loans, and convertible debentures. The fair value of these financial instruments, except for the convertible debentures which is carried at amortized cost, approximates their carrying values. Fair values of other financial instruments have been estimated by reference to quoted market prices for actual or similar instruments where available and disclosed accordingly.

Comprehensive income comprises the Corporation's net income and other comprehensive income. Comprehensive income represents changes in shareholders' equity during a period arising from non-owner sources and, for the Corporation, other comprehensive income includes currency translation adjustments on its net investment in foreign operations.

Financial assets and liabilities initial recognition and classification

Financial assets and financial liabilities are recognized on the balance sheet when the Corporation has become party to the contractual provisions of the instruments. Financial instruments are initially measured at fair value, which includes transaction costs for all financial instruments except for financial instruments at fair value through profit and loss. All financial assets are recognized on the trade date at market value, which is the date that the Corporation commits to purchase or sell the asset. Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or 'other financial liabilities'. Financial assets and liabilities are classified as 'at fair value through profit or loss' when the financial liability is either 'held for trading' or it is designated as 'fair value through profit or loss'. Subsequent to initial recognition these instruments are measured as set out below:

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances, deposits held at call and certificates of deposits, money market instruments, including cashable guaranteed investment certificates, bearer deposit notes and commercial paper with an original term to maturity of three months or less at date of purchase, and are carried at amortized cost.

Available for sale investments

After initial recognition, investments which are classified as available for sale are carried at fair value, with the fair value adjustments accounted for in other comprehensive income. When available for sale investments are sold, the cumulative fair value adjustment previously recorded in other comprehensive income is recognized in the consolidated income statement.

Trade and other receivables

Accounts receivable are carried at amortized cost unless a provision has been recorded for uncollectability of these receivables. A provision for impairment of accounts receivable is established when there is objective evidence that the Corporation may not be able to collect all amounts due according to the original terms of receivables.

Notes to the Consolidated Financial Statements - Unaudited

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2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment and uncollectability of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a financial asset or group of financial assets, other than those at fair value through profit or loss, may be impaired. If such evidence exists, the estimated recoverable amount of the asset is determined and an impairment loss is recognized for the difference between the recoverable amount and the carrying amount as follows: the carrying amount of the asset is reduced to its estimated recoverable amount, either directly or through the use of an allowance account and the resulting loss is recognized in the consolidated income statement.

When an available for sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to the consolidated income statement.

With the exception of assets held for sale and available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases, the previously recognised impairment loss is reversed through income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available for sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Financial liabilities

After initial recognition, financial liabilities, other than liabilities at fair value through profit or loss, are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any transaction costs and any discount or premium on settlement.

Financial liabilities at fair value through profit and loss are recognized on the trade date at fair value, which is the date that the Corporation commits to the contract. After initial recognition, the liabilities are carried at fair value, with the fair value adjustments accounted for in the consolidated income statement.

Accounts payable

Liabilities for trade and other payables which are normally settled on 30 to 90 day terms are carried at amortized cost.

Interest bearing liabilities

Interest bearing liabilities are recognized initially at the proceeds received, net of transaction costs incurred. Interest bearing liabilities are subsequently measured at amortized cost using the effective interest rate method. Any difference between proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statement over the period of the loan.

Offset

Where a legally enforceable right of offset exists for recognized financial assets and financial liabilities, and there is an intention to settle the liability and realize the asset simultaneously, or settle on a net basis, all related financial effects are offset.

Compound instruments

The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual agreement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the total proceeds received for the instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured.

Embedded derivatives

Derivatives may be embedded in other financial instruments (the "host instrument"). Embedded derivatives are treated as separate derivatives when their economic characteristics and risks are not clearly and closely related to those of the host instrument, the terms of the embedded derivative are the same as those of a stand-alone derivative, and the combined contract is not held for trading or designated at fair value. These embedded derivatives are measured at fair value with subsequent changes recognized in gains or losses on derivatives within interest and other in the consolidated income statement.

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2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New accounting standards

IFRS 9 Financial instruments

On November 12, 2009, the IASB issued IFRS 9: Financial instruments as the first step in its project to replace IAS 39 Financial instruments: Recognition and Measurement. IFRS 9 must be applied from January 1, 2013 with early adoption permitted. The Corporation is currently assessing the impact of adopting IFRS 9.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of consolidated financial statements in conformity with IFRS requires the Corporation's management to make estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results may differ from those estimates. Information about areas of judgment and key sources of uncertainty and estimation is contained in the accounting policies and/or the notes to the consolidated financial statements.

The following are the key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Recoverability of accounts receivable and investments

Provision is made against accounts that in the estimation of management may be impaired. The recoverability assessment of accounts receivable is based on a range of factors including the age of the receivable and the creditworthiness of the customer. The provision is assessed monthly with a detailed formal review of balances and security being conducted at year-end. Determining the recoverability of an account involves estimation as to the likely financial condition of the customer and their ability to subsequently make payment. To the extent that future events impact the financial condition of the customers these provisions could vary significantly.

Investments in securities are reviewed for impairment at the end of each reporting period, when the fair value of the investment falls below the Corporation's carrying value, and it is considered to be significant or prolonged, an impairment charge is recorded to the consolidated income statement for the difference between the investment's carrying value and its estimated fair value at the time. In making the determination as to whether a decline is considered prolonged, the Corporation considers such factors as the duration and extent of the decline, the investee's financial performance, and the Corporation's ability and intention to retain its investment for a period that will be sufficient to allow for any anticipated recovery in the investment's market value. Differing assumptions could affect whether an investment is impaired in any period or the amount of the impairment.

Net realizable value of inventories

In determining the net realizable value of inventories, the Corporation estimates the selling prices, based on published market rates, cost of completion and cost to sell. To the extent that future events impact the saleability of inventory these provisions could vary significantly.

Estimated reserves, resources and exploration potential

Reserves are estimates of the amount of product that can be extracted from the Corporation's properties, considering both economic and legal factors. Calculating reserves and estimates requires decisions on assumptions about geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, prices and exchange rates.

Estimating the quantity and/or grade of reserves require the analysis of drilling samples and other geological data.

Estimates of reserves may change from period to period as the economic assumptions used to estimate reserves change from period to period, and because additional geological data is generated during the course of operations. Changes in reported reserves may affect the Corporation's financial position in a number of ways, including the following:

- Asset carrying values may be affected due to changes in estimated future cash flows;
- Depreciation and amortization charged in the consolidated income statement may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change; and
- The carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

Notes to the Consolidated Financial Statements - Unaudited

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2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of mineral interests, property, plant and equipment

Assets or cash generating units are evaluated at each reporting date to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss recognized to the extent that carrying amount exceeds recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties, and is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal. Present values are determined using a risk-adjusted pre-tax discount rate appropriate to the risks inherent to the asset. Future cash flow estimates are based on expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves, operating costs, restoration and rehabilitation costs and future capital expenditure. The Corporation's management is required to make these estimates and assumptions which are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the asset may be impaired and the impairment would be charged against the consolidated income statement.

Expected economic lives of, estimated future operating results and net cash flows from mining interests

The carrying amounts of mineral interests are depreciated to their estimated residual value over the estimated economic life of the specific assets to which they relate.

Depreciation commences on the date of commissioning and is based on reserves on a unit of production basis.

Residual values and useful lives are reviewed, and adjusted if appropriate, at least annually. Changes in estimated residual values or useful lives are accounted for prospectively. In applying the units of production method, depreciation is normally calculated using the quantity of material extracted from the mine in the period as a percentage of the total quantity of material to be extracted in current and future periods based on proved and proven reserves.

In assessing the life of a mine for accounting purposes, mineral resources are only taken into account where there is a high degree of confidence of economic extraction.

The Corporation's operating result and net cash flow forecasts are based on the best estimates of expected future revenues and costs, including the future cash costs of production, capital expenditure, close down and restoration. These may include net cash flows expected to be realised from extraction, processing and sale of mineral resources that do not currently qualify for inclusion in proven ore reserves. Such non reserve material is included where there is a high degree of confidence in its economic extraction. This expectation is usually based on preliminary drilling and sampling of areas of mineralisation that are contiguous with existing reserves.

The mine plan takes account of all relevant characteristics of the ore body, ore grades, chemical and metallurgical properties of the ore impacting on process recoveries and capacities of processing equipment that can be used. The mine plan is therefore the basis for forecasting production output in each future year and for forecasting production costs.

The Corporation's cash flow forecasts are based on estimates of future commodity prices. These long term commodity prices, for most commodities, are derived from an analysis of the marginal costs of the producers of these commodities. These assessments often differ from current price levels and are updated periodically.

In some cases, prices applying to some part of the future sales volumes of a cash generating unit are predetermined by existing sales contracts. The effects of such contracts are taken into account in forecasting future cash flows.

There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodity, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

Fair value of financial instruments

The Corporation's financial instruments primarily consist of cash, short-term money market investments, marketable securities, accounts receivable, accounts payable and accrued liabilities, loans to joint ventures, draw downs against credit facilities, other loans, uranium loans, and convertible debentures. The fair value of these financial instruments, except for the convertible debentures, approximates their carrying values, due primarily to their immediate or short-term maturity.

Notes to the Consolidated Financial Statements - Unaudited

as at March 31 2011, December 31, 2010 and January 1, 2010

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value of financial instruments (continued)

Fair values of other financial instruments have been estimated by reference to quoted market prices for actual or similar instruments where available and disclosed accordingly.

The valuation models maximize the use of observable market inputs however certain assumptions and estimates require management judgment including excess spread, prepayment rates, expected credit losses and discount rates. Valuation methodologies and assumptions are reviewed on an ongoing basis. A significant change in this assessment may result in unrealized losses being recognized in net income.

Fair value of stock-based compensation

The Corporation grants share-based awards, including restricted share rights and stock options, to certain employees. For equity-settled awards, the fair value is charged to the consolidated income statement and credited to a related reserve account on a straight-line basis over the vesting period, after adjusting for the estimated number of awards that are expected to vest.

The fair value of the equity-settled awards is determined at the date of the grant. In calculating fair value, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Corporation. The fair value is determined by using the Black-Scholes option pricing model.

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Corporation's stock options.

Fair value of assets and liabilities acquired in business combinations

Business combinations are accounted for by applying the acquisition method of accounting, whereby the purchase consideration of the combination is allocated to the identifiable net assets on the basis of fair value on acquisition. The amount of goodwill initially recognized is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgment.

Allocation of the purchase price affects the results of the Corporation as finite lived intangible assets are amortized, whereas indefinite lived intangible assets, including goodwill, are not amortized and could result in differing amortization charges based on the allocation to indefinite lived and finite lived intangible assets.

Reclamation and closure cost obligations

Reclamation and closure costs obligation provisions represents management's best estimate of the present value of the future costs. Significant estimates and assumptions are made in determining the amount of reclamation and closure cost obligations provisions. Those estimates and assumptions deals with uncertainties such as: requirements of the relevant legal and regulatory framework; the magnitude of possible contamination; and the timing, extent and costs of required restoration and rehabilitation activity. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

Taxation

The provision for income taxes and composition of income tax assets and liabilities requires management's judgment as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgment is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognized in the balance sheet.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, commodity prices, reserves, operating costs, and other capital management transactions. The application of income tax legislation also requires judgments. These judgments and assumptions are subject to risk and uncertainty, therefore there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the balance sheet and the amount of other tax losses and temporary differences not yet recognized.

Notes to the Consolidated Financial Statements - Unaudited

as at March 31 2011, December 31, 2010 and January 1, 2010

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Exchange rates**

The following exchange rates to the US dollar have been applied in the interim financial statements:

	Average period ended Mar 31, 2011	Average period ended Mar 31, 2010	Average year ended Dec 31, 2010	Closing period ended Mar 31, 2011	Closing year ended Dec 31, 2010
Canadian dollar	0.98	1.04	1.03	0.97	1.00
Australian dollar	0.99	1.11	1.09	0.99	0.98
Kazakh Tenge	146.43	147.71	147.39	145.70	147.40
Euro	0.73	0.72	0.76	0.71	0.76

3 GENERAL AND ADMINISTRATIVE

	Period ended	
	Mar 31, 2011 US\$m	Mar 31, 2010 US\$m
General and administrative	10.8	7.4
Stock option and restricted share expense	1.4	2.0
	12.2	9.4

4 FINANCE INCOME AND EXPENSE

	Period ended	
	Mar 31, 2011 US\$m	Mar 31, 2010 US\$m
Finance income		
Interest income	1.8	1.0
	1.8	1.0
Finance expense		
Accrued interest	(2.1)	(1.0)
Convertible debenture interest	(8.5)	(6.8)
Credit facility charges	-	(0.9)
Unwinding of contingent payments	(0.7)	(1.7)
Other	(0.2)	(0.4)
	(11.5)	(10.8)
Net finance costs	(9.7)	(9.8)

5 LOANS TO JOINT VENTURES

	Mar 31, 2011 US\$m	Dec 31, 2010 US\$m	Jan 1, 2010 US\$m
Non-current			
SKZ-U	14.6	14.8	3.6
Kyzylkum	-	13.9	25.7
Total	14.6	28.7	29.3

Notes to the Consolidated Financial Statements - Unaudited

as at March 31, 2011, December 31, 2010 and January 1, 2010

5 LOANS TO JOINT VENTURES (CONTINUED)**Kyzylkum loan**

The Corporation made loans to Kyzylkum pursuant to its obligation to provide project financing for construction and commissioning of the Kharasan Project in the amount of \$80 million. The loans bear interest at LIBOR plus 1.5% per annum, with interest payable on a semi-annual basis, commencing within two years of initial funding.

	Mar 31, 2011 US\$m	Dec 31, 2010 US\$m
Balance at January 1	19.0	35.0
Interest capitalized	-	3.1
Repaid during the period	(19.0)	(19.1)
Accrued interest	-	19.0
Balance at the end of the period	-	19.8
Less: elimination of proportionate share – 30%	-	(5.9)
	-	13.9
Less: current portion	-	-
Long term portion	-	13.9

The loans to Kyzylkum were unsecured.

SKZ-U loan

The Corporation made loans to SKZ-U pursuant to its obligation to provide project financing for construction and commissioning of the Sulphuric acid plant project in the amount of \$31.0 million. The loans bear interest at LIBOR plus 6% per annum, with interest payable on a semi-annual basis.

	Mar 31, 2011 US\$m	Dec 31, 2010 US\$m
Balance at January 1	18.0	4.3
Repaid during the period	-	(4.3)
Additions during the period	-	18.0
Accrued interest	18.0	18.0
Balance at the end of the period	18.0	18.3
Less: elimination of proportionate share – 19%	(3.4)	(3.5)
	14.6	14.8
Less: current portion	-	-
Long term portion	14.6	14.8

The loans to SKZ-U are unsecured.

6 INVENTORIES

	Mar 31, 2011 US\$m	Dec 31, 2010 US\$m	Jan 1, 2010 US\$m
Finished uranium concentrates	68.0	62.8	39.4
Solutions and concentrates in process	21.3	17.6	23.8
Product inventory	89.3	80.4	63.2
Materials and supplies	9.4	9.6	5.6
	98.7	90.0	68.8

The value of inventory recognized in the income statement is \$50.7 million and \$189.4 million for the three months ended March 31, 2011 and the year ended December 31, 2010 respectively.

Notes to the Consolidated Financial Statements - Unaudited

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7 MINERAL INTERESTS, PROPERTY, PLANT AND EQUIPMENT

March 31, 2011	Mineral interests US\$m	Property, Plant and equipment US\$m	Development expenditure US\$m	Total US\$m
Cost				
Balance at January 1	2,064.0	374.7	127.0	2,565.7
Additions	-	12.0	19.2	31.2
Pre-production revenue and costs capitalized	-	-	(2.3)	(2.3)
Disposals	-	(0.1)	(0.8)	(0.9)
Currency translation adjustments taken to reserves	22.9	3.2	1.2	27.3
Transfers	(51.0)	71.7	(20.7)	-
At the end of the period	2,035.9	461.5	123.6	2,621.0
Accumulated depreciation				
Balance at January 1	(129.5)	(96.3)	-	(225.8)
Charge for the period	(18.1)	(10.4)	-	(28.5)
Currency translation adjustments taken to reserves	(1.6)	(1.1)	-	(2.7)
At the end of the period	(149.2)	(107.8)	-	(257.0)
Net book value at March 31, 2011	1,886.7	353.7	123.6	2,364.0

December 31, 2010	Mineral interests US\$m	Property, Plant and equipment US\$m	Development expenditure US\$m	Total US\$m
Cost				
Balance at January 1	1,092.7	196.0	124.0	1,412.7
Additions	0.2	27.7	100.7	128.6
Acquisitions of subsidiaries	956.8	103.9	7.5	1,068.2
Pre-production revenue and costs capitalized	-	-	(6.0)	(6.0)
Disposals	(0.8)	(5.1)	(0.4)	(6.3)
Impairment	(2.8)	(5.5)	(40.6)	(48.9)
Currency translation adjustments taken to reserves	11.7	(5.4)	11.1	17.4
Transfers	6.2	63.1	(69.3)	-
At the end of the period	2,064.0	374.7	127.0	2,565.7
Accumulated depreciation				
Balance at January 1	(68.8)	(30.8)	(8.1)	(107.7)
Charge for the period	(62.8)	(68.7)	7.7	(123.8)
Disposals	-	1.2	-	1.2
Impairment	-	0.7	0.4	1.1
Currency translation adjustments taken to reserves	2.1	1.3	-	3.4
At the end of the period	(129.5)	(96.3)	-	(225.8)
Net book value at December 31, 2010	1,934.5	278.4	127.0	2,339.9

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8 OTHER ASSETS

	Mar 31, 2011 US\$m	Dec 31, 2010 US\$m	Jan 1, 2010 US\$m
Current			
Borrowed uranium concentrates	12.5	12.5	8.9
Deposit for future business acquisitions	-	-	8.8
Deferred expenditure	-	-	5.2
Other	0.1	0.3	0.5
	12.6	12.8	23.4
Non-current			
Asset retirement fund	37.9	37.8	13.5
Advances for plant and equipment	15.8	16.0	7.5
Long term inventory	2.0	1.5	1.2
Deferred tax assets	-	1.3	1.1
Available for sale securities	0.3	0.3	9.3
Sales tax recoverable	1.8	1.5	0.5
Assets held for sale	-	-	51.5
Other	0.6	0.5	1.1
	58.4	58.9	85.7

Uranium concentrates loans

The Corporation entered into a uranium concentrates borrowing agreement to mitigate the risk of delivery delays, enabling the Corporation to meet its contractual obligations in terms of current uranium sales contracts. The asset represents the borrowed uranium concentrates, which are held at a conversion facility in the Corporation's account. The asset is recorded at its fair value. The corresponding financial liability of \$12.5 million, which was classified as fair value through profit and loss, is also carried at fair value and is included in uranium concentrates loans in current liabilities (note 12).

Available for sale securities

The Corporation holds available for sale securities with a cost of \$0.3 million and a fair value of \$0.3 million.

9 INTEREST BEARING LIABILITIES

Facilities held by Uranium One	Mar 31, 2011 US\$m	Dec 31, 2010 US\$m	Jan 1, 2010 US\$m
Opening balance	-	63.6	61.3
Amortized financing fees	-	1.5	2.4
Interest paid	-	(0.8)	(1.2)
Interest accrued	-	0.7	1.1
Repaid	-	(65.0)	-
	-	-	63.6
Less: current portion	-	-	(63.6)
Long term portion	-	-	-
Proportionate share of joint venture facilities	Mar 31, 2011 US\$m	Dec 31, 2010 US\$m	Jan 1, 2010 US\$m
Opening balance	146.3	52.6	36.0
Acquired on business combination	-	59.1	5.0
Drawdown	14.8	40.9	12.0
Repaid	(15.1)	(6.7)	-
Amortized financing fees	-	-	(0.4)
Interest paid	(1.4)	(0.3)	-
Interest accrued	2.1	0.7	-
	146.7	146.3	52.6
Less: current portion	(64.2)	(60.1)	(5.0)
Long term portion	82.5	86.2	47.6
Consolidated Total			
Current portion	64.2	60.1	68.6
Non-current portion	82.5	86.2	47.6
Total	146.7	146.3	116.2

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9 INTEREST BEARING LIABILITIES (CONTINUED)

Uranium One

On June 27, 2008, the Corporation established a \$100 million bank debt senior secured revolving credit facility (the "facility"). Under the terms of the facility, the Corporation had the ability to borrow up to \$100 million from the lead lenders, Bank of Montreal and The Bank of Nova Scotia (the "Banks"). The facility had a two year term which ended during 2010.

Kyzylkum

Kyzylkum has loans outstanding of \$54.3 million, \$69.9 million and \$41.5 million from the Japan Bank for International Cooperation ("JBIC"), Citibank and Kazatomprom, respectively. At March 31, 2011, the Corporation's share of Kyzylkum's loans is \$49.7 million.

Karatau

Karatau has loans outstanding of \$10.0 million and \$5.0 million from UniCredit and Citibank, respectively. At March 31, 2011, the Corporation's share of Karatau's loans is \$7.5 million.

SKZ-U

In addition to the \$18.0 million loan (note 5) from the Corporation, SKZ-U has loans outstanding of \$15.9 million, \$15.0 million and \$46.3 million from Sumitomo Mitsui Banking Corporation, Mizuho Corporate Bank and JBIC, respectively. At March 31, 2011, the Corporation's share of SKZ-U's loans is \$14.7 million.

Akbastau

Akbastau had loans outstanding of \$10.0 million, \$3.4 million and \$43.7 million from Alpha Bank, GRK and Effective Energy. At March 31, 2011, the Corporation's share of these loans is \$28.5 million.

Zarechnoye

Zarechnoye had loans outstanding of \$28.0 million, \$60.0 million and \$3.4 million from Eurasia Development Bank, Effective Energy and Citibank, respectively. At March 31, 2011, the Corporation's share of these loans is \$45.4 million.

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10 CONVERTIBLE DEBENTURES**2006 Debentures**

The Corporation has outstanding convertible unsecured subordinated debentures maturing December 31, 2011 (the "2006 Debentures") with a face value of C\$155.3 million. The 2006 Debentures were originally issued at C\$1,000 per debenture and bear interest at an annual rate of 4.25%, payable semi-annually in arrears on June 30 and December 31 of each year. The conversion price is C\$15.76 per share, which is equivalent to 63.45 common shares for each C\$1,000 principal amount of debentures.

2010 Debentures

On March 12, 2010 the Corporation issued convertible unsecured subordinated debentures for gross proceeds of C\$260 million (\$253.3 million), including C\$10 million taken up under an underwriters' over-allotment option. The 2010 Debentures have a March 13, 2015 maturity date, with interest payable at a rate of 5.0% per annum, payable semi-annually. The 2010 Debentures is convertible into common shares of the Corporation, at a rate of 317.46 common shares per C\$1,000 principal and have a conversion price of C\$3.15 per common share.

The debentures have a cash settlement option which is accounted for as an embedded derivative. The Corporation has allocated the fair value of the debentures to the individual liability and derivative components by establishing the derivative component and then allocating the balance remaining, after subtracting the fair value of the derivative from the face value, to the liability component. The embedded derivative is designated as a financial liability carried at fair value through profit and loss. On October 12, 2010, the Corporation received all necessary Kazakh approvals for the conversion of the 2010 Debentures and as a result the cash settlement option was cancelled. The embedded derivative was reclassified as equity on cancellation of the cash settlement option.

The table below provide a breakdown of the liability and derivative allocation on initial recognition of the 2010 Debentures:

	2010 Debentures
	US\$m
Liability	211.6
Transaction costs	(12.4)
Net liability	199.2
Derivative liability	41.7
Net derivative liability	41.7
Net proceeds	240.9

JUMI Debentures

On January 14, 2010, the Corporation issued to Japan Uranium Management Inc. ("JUMI") a C\$269.1 million (\$258.1 million) aggregate principal amount 3% convertible unsecured subordinated debenture maturing ten years from the date of issue (the "JUMI Debentures"). Pursuant to the terms of the JUMI Debentures, the Corporation must offer to re-purchase the JUMI Debentures for 101% of the outstanding principal amount plus accrued interest upon a "change of control". The transaction with ARMZ during 2010 constituted a "change of control" and on July 30, 2010, the Corporation made such a re-purchase offer to JUMI, which JUMI accepted, after which the debentures were redeemed on December 29, 2010.

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10 CONVERTIBLE DEBENTURES (CONTINUED)

The table below indicates the movement in the liability:

March 31, 2011			
	2010 Debentures US\$m	2006 Debentures US\$m	Total US\$m
Opening balance	208.7	151.4	360.1
Interest accrued	5.9	2.6	8.5
Foreign exchange movement	6.1	4.3	10.4
Liability as at the end of the period	220.7	158.3	379.0
Current portion	-	158.3	158.3
Non-current portion	220.7	-	220.7
	220.7	158.3	379.0
Fair value of convertible debentures	387.0	158.0	

December 31, 2010				
	JUMI Debentures US\$m	2010 Debentures US\$m	2006 Debentures US\$m	Total US\$m
Opening balance	-	-	140.9	140.9
Issued	131.4	211.6	-	343.0
Interest accrued	14.5	18.3	9.9	42.7
Coupon payment	(7.6)	(14.0)	(6.4)	(28.0)
Transaction costs	(1.0)	(12.4)	-	(13.4)
Redemption	(141.9)	-	-	(141.9)
Foreign exchange movement	4.6	5.2	7.0	16.8
Liability as at the end of the period	-	208.7	151.4	360.1
Current portion	-	-	151.4	151.4
Non-current portion	-	208.7	-	208.7
	-	208.7	151.4	360.1

11 PROVISIONS

Current	Mar 31, 2011 US\$m	Dec 31, 2010 US\$m	Jan 1, 2010 US\$m
Provision for contingent payments	-	-	20.0
Other	-	-	0.2
	-	-	20.2
Non-current	Mar 31, 2011 US\$m	Dec 31, 2010 US\$m	Jan 1, 2010 US\$m
Environmental protection, rehabilitation and closure costs	29.0	29.1	17.9
Provision for contingent payments	34.3	33.3	54.9
Provision for historical cost	2.6	2.7	1.7
	65.9	65.1	74.5

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11 PROVISIONS (CONTINUED)

	Environmental & closure costs US\$m	Provision for contingent payments US\$m	Historical cost US\$m	Total US\$m
Balance at 1 January 2011	29.1	33.3	2.7	65.1
Accretion	0.6	0.8	-	1.4
Reductions arising from payments	(0.9)	-	(0.1)	(1.0)
Foreign exchange movement	0.2	0.2	-	0.4
	29.0	34.3	2.6	65.9

12 OTHER LIABILITIES

Current	Mar 31, 2011 US\$m	Dec 31, 2010 US\$m	Jan 1, 2010 US\$m
Promissory note	-	-	90.2
Unfavorable contracts	11.3	11.4	11.7
Uranium concentrates loan	12.5	12.5	8.9
Advances received	9.6	10.6	19.9
Other	1.6	1.5	1.4
	35.0	36.0	132.1
Non-current	Mar 31, 2011 US\$m	Dec 31, 2010 US\$m	Jan 1, 2010 US\$m
Liabilities held for sale	-	-	12.9
Other	0.4	0.4	0.2
	0.4	0.4	13.1

Uranium concentrates loan

On September 22, 2008, the Corporation entered into a loan agreement to borrow 200,000 pounds of U₃O₈ to be repaid on September 30, 2010. In July 2010, the maturity of the loan was extended to September 30, 2011. Under the loan agreement, loan fees of 3.5% per annum are payable based on the value of the borrowed U₃O₈. In addition to the loan agreement, the Corporation incurred \$0.4 million in loan arrangement fees, which has been expensed. The Corporation recognized the borrowed uranium as an other asset (note 8). The loan was classified as a financial liability carried at fair value through profit and loss.

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13 CASH FLOW INFORMATION

Cash and cash equivalents	Mar 31, 2011	Dec 31, 2010	Jan 1, 2010
	US\$m	US\$m	US\$m
Cash	212.7	255.7	44.4
Money market instruments, including cashable guaranteed investment certificates, bearer deposit notes and commercial paper	146.7	60.1	104.1
Restricted cash	12.4	8.6	-
	371.8	324.4	148.5

Cash equivalents include highly liquid investments that are readily convertible to cash with a maturity of less than 90 days.

Restricted cash consists of a collateral deposit for the letter of credit that was issued as a guarantee for the uranium concentrate loan (note 12).

	Period ended	
	Mar 31, 2011	Mar 31, 2010
	US\$m	US\$m
Changes in non-cash working capital excluding business combinations:		
Decrease in accounts and other receivables	34.1	11.2
Increase in inventories	(7.0)	(5.7)
Decrease in accounts payable and accrued liabilities	(14.4)	(5.7)
	12.7	(0.2)

14 BASIC AND DILUTED WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING

	Period ended	
	Mar 31, 2011	Mar 31, 2010
Basic weighted-average number of shares outstanding (millions)	957.2	587.3
Effect of dilutive securities:		
-stock options	0.1	-
-convertible debentures	92.4	-
Diluted weighted-average number of shares outstanding	1,049.7	587.3

For the period ended March 31, 2010, convertible debentures, stock options, warrants and restricted shares were not included in the dilutive weighted average number of shares outstanding as they were anti-dilutive.

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15 FINANCIAL RISK MANAGEMENT**Designation and valuation of financial instruments**

The following tables summarize the designation and fair value hierarchy under which the Corporation's financial instruments are valued, other than trade and other receivables and payables.

- Level 1 of the fair value hierarchy includes unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 of the hierarchy includes inputs that are observable for the asset or liability, either directly or indirectly; and
- Level 3 includes inputs for the asset or liability that are not based on observable market data. The Corporation does not have any financial instruments included in Level 3.

As at March 31, 2011

Designation of financial assets	Notes	Loans and receivables US\$m	Available for sale securities US\$m	Total US\$m
Cash and cash equivalents	13	371.8	-	371.8
Loans to joint ventures	5	14.6	-	14.6
Available for sale securities	8	-	0.3	0.3
Asset retirement fund	8	37.9	-	37.9
Total		424.3	0.3	424.6

As at December 31, 2010

Designation of financial assets	Notes	Loans and receivables US\$m	Available for sale securities US\$m	Total US\$m
Cash and cash equivalents	13	324.4	-	324.4
Loans to joint ventures	5	28.7	-	28.7
Available for sale securities	8	-	0.3	0.3
Asset retirement fund	8	37.8	-	37.8
Total		390.9	0.3	391.2

As at March 31, 2011

Designation of financial liabilities	Notes	Held at fair value through profit and loss US\$m	Financial liabilities at amortized cost US\$m	Total US\$m
Interest bearing liabilities	9	-	146.7	146.7
Convertible debenture	10	-	379.0	379.0
Uranium concentrates loan	12	12.5	-	12.5
Provision for contingent payments	11	-	34.3	34.3
Other	12	-	2.0	2.0
Total		12.5	562.0	574.5

As at December 31, 2010

Designation of financial liabilities	Notes	Held at fair value through profit and loss US\$m	Financial liabilities at amortized cost US\$m	Total US\$m
Interest bearing liabilities	9	-	146.3	146.3
Convertible debenture	10	-	360.1	360.1
Uranium concentrates loan	12	12.5	-	12.5
Provision for contingent payments	11	-	33.3	33.3
Other	12	-	1.9	1.9
Total		12.5	541.6	554.1

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15 FINANCIAL RISK MANAGEMENT (CONTINUED)

As at March 31, 2011				
Fair value hierarchy of financial assets and liabilities measured at fair value	Level 1 US\$m	Level 2 US\$m	Level 3 US\$m	Total US\$m
Available for sale securities	0.3	-	-	0.3
Uranium concentrates loan	-	(12.5)	-	(12.5)
Total	0.3	(12.5)	-	(12.2)

As at December 31, 2010				
Fair value hierarchy of financial assets and liabilities measured at fair value	Level 1 US\$m	Level 2 US\$m	Level 3 US\$m	Total US\$m
Available for sale securities	0.3	-	-	0.3
Uranium concentrates loan	-	(12.5)	-	(12.5)
Total	0.3	(12.5)	-	(12.2)

16 SUBSIDIARIES

Details of the Corporation's significant subsidiaries as at March 31, 2011 are as follows:

Name of subsidiary	Country of incorporation	Project	Principal activity	Project stage	Interest
Uranium One Americas, Inc	US	United states Development projects	Mineral property holdings	Development	100%
Uranium One USA Inc	US	United states Development projects	Processing facility and mineral property holdings	Development	100%

17 JOINTLY CONTROLLED ENTITIES

The Corporation owns the following interests subject to joint control as a result of governing contractual agreements:

Shareholding in Jointly controlled entities	Country of incorporation	Principal activity	Stage	Interest
Betpak Dala LLP	Kazakhstan	Uranium Mining	Production	70%
Kyzylkum LLP	Kazakhstan	Uranium Mining	Development	30%
Karatau LLP	Kazakhstan	Uranium Mining	Production	50%
Akbastau JSC	Kazakhstan	Uranium Mining	Production	50%
Zarechnoye JSC	Kazakhstan	Uranium Mining	Production	49.67%
SKZ-U LLP	Kazakhstan	Sulphuric Acid	Development	19%

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17 JOINTLY CONTROLLED ENTITIES (CONTINUED)

The Corporation's proportionate share of the assets and liabilities of the jointly controlled entities are as follows:

As at March 31, 2011	Akbastau US\$m	Betpak Dala US\$m	Karatau US\$m	Zarechnoye US\$m	Kyzylkum US\$m	SKZ-U US\$m	Total US\$m
Current assets							
Cash	4.9	75.4	5.0	1.2	11.3	3.9	101.7
Other current assets	17.1	84.9	-	16.5	2.2	-	120.7
	22.0	160.3	5.0	17.7	13.5	3.9	222.4
Non-current assets							
Mineral interests, plant and equipment	744.2	532.0	498.8	252.3	124.6	15.9	2,167.8
Other assets	1.4	2.7	-	5.9	1.3	9.3	20.6
	745.6	534.7	498.8	258.2	125.9	25.2	2,188.4
Total assets	767.6	695.0	503.8	275.9	139.4	29.1	2,410.8
Current liabilities							
Current liabilities	(2.3)	(15.3)	(6.8)	(4.5)	(0.8)	(0.8)	(30.5)
Current portion of interest bearing liabilities	(28.9)	-	(7.5)	(11.8)	(16.0)	-	(64.2)
	(31.2)	(15.3)	(14.3)	(16.3)	(16.8)	(0.8)	(94.7)
Non-current liabilities							
Non-current portion of interest bearing liabilities	-	-	-	(33.8)	(34.2)	(14.5)	(82.5)
Other	(7.9)	(0.2)	(16.1)	(11.5)	(1.6)	-	(37.3)
Deferred income taxes	(117.1)	(67.7)	(89.8)	(35.2)	(11.6)	-	(321.4)
Provisions	(2.6)	(9.8)	(3.1)	(2.1)	(1.6)	-	(19.2)
	(127.6)	(77.7)	(109.0)	(82.6)	(49.0)	(14.5)	(460.4)
Total liabilities	(158.8)	(93.0)	(123.3)	(98.9)	(65.8)	(15.3)	(555.1)
Net assets	608.8	602.0	380.5	177.0	73.6	13.8	1,855.7

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17 JOINTLY CONTROLLED ENTITIES (CONTINUED)

As at December 31, 2010	Akbastau US\$m	Betpak Dala US\$m	Karatau US\$m	Zarechnoye US\$m	Kyzylkum US\$m	SKZ-U US\$m	Total US\$m
Current assets							
Cash	4.8	37.2	1.3	2.3	1.1	6.8	53.5
Other current assets	14.1	100.2	7.8	13.3	0.9	-	136.3
	18.9	137.4	9.1	15.6	2.0	6.8	189.8
Non-current assets							
Mineral interests, plant and equipment	737.5	532.2	498.3	249.6	124.1	12.8	2,154.5
Other assets	1.1	3.1	4.0	5.9	0.6	8.7	23.4
	738.6	535.3	502.3	255.5	124.7	21.5	2,177.9
Total assets	757.5	672.7	511.4	271.1	126.7	28.3	2,367.7
Current liabilities							
Current liabilities	(14.6)	(9.1)	(8.7)	(3.4)	(1.0)	(0.2)	(37.0)
Current portion of interest bearing liabilities	(14.7)	-	(18.8)	(10.6)	(16.0)	-	(60.1)
	(29.3)	(9.1)	(27.5)	(14.0)	(17.0)	(0.2)	(97.1)
Non-current liabilities							
Non-current portion of interest bearing liabilities	-	-	-	(33.8)	(37.9)	(14.5)	(86.2)
Other	(6.3)	(0.2)	(24.5)	(11.5)	(4.2)	-	(46.7)
Deferred income taxes	(117.0)	(69.0)	(89.7)	(35.4)	(11.6)	-	(322.7)
Provisions	(2.6)	(9.7)	(2.9)	(3.2)	(1.6)	-	(20.0)
	(125.9)	(78.9)	(117.1)	(83.9)	(55.3)	(14.5)	(475.6)
Total liabilities	(155.2)	(88.0)	(144.6)	(97.9)	(72.3)	(14.7)	(572.7)
Net assets	602.3	584.7	366.8	173.2	54.4	13.6	1,795.0
As at January 1, 2010		Betpak Dala US\$m	Karatau US\$m		Kyzylkum US\$m	SKZ-U US\$m	Total US\$m
Current assets							
Cash		3.1	0.2		0.9	0.4	4.6
Other current assets		75.1	19.0		0.2	-	94.3
		78.2	19.2		1.1	0.4	98.9
Non-current assets							
Mineral interests, plant and equipment		556.7	511.7		123.4	3.6	1,195.4
Other assets		1.5	1.8		0.4	7.0	10.7
		558.2	513.5		123.8	10.6	1,206.1
Total assets		636.4	532.7		124.9	11.0	1,305.0
Current liabilities							
Current liabilities		(8.5)	(7.1)		(4.1)	-	(19.7)
Current portion of interest bearing liabilities		-	(5.0)		-	-	(5.0)
		(8.5)	(12.1)		(4.1)	-	(24.7)
Non-current liabilities							
Non-current portion of interest bearing liabilities		-	-		(47.6)	-	(47.6)
Other financial liabilities		(0.2)	(31.6)		(0.8)	-	(32.6)
Deferred income taxes		(55.8)	(74.6)		(7.9)	-	(138.3)
Provisions		(9.4)	(56.3)		(1.7)	-	(67.4)
		(65.4)	(162.5)		(58.0)	-	(285.9)
Total liabilities		(73.9)	(174.6)		(62.1)	-	(310.6)
Net assets		562.5	358.1		62.8	11.0	994.4

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17 JOINTLY CONTROLLED ENTITIES (CONTINUED)

The Corporation's proportionate share of revenue, expenses, net earnings / (loss) and cash flows are as follows:

Period ended March 31, 2011	Akbastau	Betpak Dala	Karatau	Zarechnoye	Kyzylkum	SKZ-U	Total
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	
Revenue	8.2	62.2	23.2	5.4	-	-	99.0
Expenses and other income	(8.6)	(26.2)	(11.9)	(5.1)	(0.2)	-	(52.0)
Foreign exchange gain / (loss)	0.2	(0.6)	0.2	0.3	0.7	0.2	1.0
(Loss) / earnings before income taxes	(0.2)	35.4	11.5	0.6	0.5	0.2	48.0
Current and deferred income tax expense	0.4	(7.0)	(2.9)	0.1	-	-	(9.4)
Earnings	0.2	28.4	8.6	0.7	0.5	0.2	38.6
Cash flows from operating activities	4.0	42.8	18.7	1.9	-	-	67.4
Cash flows used in investing activities	(3.9)	(4.6)	(3.7)	(3.0)	(4.1)	(2.9)	(22.2)
Cash flows (used in) / from financing activities	-	-	(11.3)	-	14.3	-	3.0
Net increase / (decrease) in cash	0.1	38.2	3.7	(1.1)	10.2	(2.9)	48.2

Period ended March 31, 2010	Betpak Dala	Karatau	Kyzylkum	SKZ-U	Total
	US\$m	US\$m	US\$m	US\$m	
Revenue	28.0	5.5	-	-	33.5
Expenses and other income	(20.8)	(5.6)	(0.3)	(0.1)	(26.8)
Foreign exchange (loss) / gain	(2.5)	(0.9)	0.8	-	(2.6)
Earnings / (loss) before income taxes	4.7	(1.0)	0.5	(0.1)	4.1
Current and deferred income tax expense	(1.3)	(0.6)	-	-	(1.9)
Earnings / (loss)	3.4	(1.6)	0.5	(0.1)	2.2
Cash flows from / (used in) operating activities	22.1	(4.8)	-	-	17.3
Cash flows used in investing activities	(4.6)	(3.0)	(1.1)	(0.2)	(8.9)
Cash flows (used in) / from financing activities	(2.0)	15.1	0.3	-	13.4
Net increase / (decrease) in cash	15.5	7.3	(0.8)	(0.2)	21.8

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18 JOINTLY CONTROLLED ASSETS

The jointly controlled assets in which the Corporation owns an interest and which are proportionately included in the interim financial statements are as follows:

Shareholding in jointly controlled assets	Country of incorporation	Principal activity	Stage	Ownership
Honeymoon Joint Venture	Australia	Uranium Mining	Development	51%
Australia exploration joint ventures	Australia	Uranium Mining	Exploration	50.1%

The Corporation's proportionate share of the assets and liabilities of the joint ventures are as follows:

As at March 31, 2011	Honeymoon US\$m	Australia exploration US\$m	Total US\$m
Current assets			
Cash	8.3	0.3	8.6
Other current assets	0.7	0.1	0.8
	9.0	0.4	9.4
Non-current assets			
Mineral interests, plant and equipment	16.3	0.3	16.6
	16.3	0.3	16.6
Total assets	25.3	0.7	26.0
Current liabilities			
Current liabilities	(5.7)	(0.1)	(5.8)
	(5.7)	(0.1)	(5.8)
Non-current liabilities			
Provisions	(1.7)	-	(1.7)
	(1.7)	-	(1.7)
Total liabilities	(7.4)	(0.1)	(7.5)
Net assets	17.9	0.6	18.5

As at December 31, 2010	Honeymoon US\$m	Australia exploration US\$m	Total US\$m
Cash	9.3	0.7	10.0
Other current assets	0.4	0.2	0.6
	9.7	0.9	10.6
Non-current assets			
Mineral interests, plant and equipment	12.3	0.3	12.6
	12.3	0.3	12.6
Total assets	22.0	1.2	23.2
Current liabilities			
Current liabilities	(6.5)	(0.4)	(6.9)
	(6.5)	(0.4)	(6.9)
Non-current liabilities			
Provisions	(1.7)	-	(1.7)
	(1.7)	-	(1.7)
Total liabilities	(8.2)	(0.4)	(8.6)
Net assets	13.8	0.8	14.6

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18 JOINTLY CONTROLLED ASSETS (CONTINUED)

As at January 1, 2010	Honeymoon US\$m	Australia exploration US\$m	Total US\$m
Current assets			
Cash	5.1	0.1	5.2
Other current assets	1.4	-	1.4
	6.5	0.1	6.6
Non-current assets			
Mineral interests, plant and equipment	15.0	0.3	15.3
	15.0	0.3	15.3
Total assets	21.5	0.4	21.9
Current liabilities			
Current liabilities	(2.6)	-	(2.6)
	(2.6)	-	(2.6)
Non-current liabilities			
Provisions	(0.7)	-	(0.7)
	(0.7)	-	(0.7)
Total liabilities	(3.3)	-	(3.3)
Net assets	18.2	0.4	18.6

The Corporation's proportionate share of revenue, expenses, net earnings / (loss) and cash flows are as follows:

Period ended March 31, 2011	Honeymoon US\$m	Australian exploration US\$m	Total US\$m
Revenue	-	-	-
Expenses and other income	(0.2)	-	(0.2)
Foreign exchange (loss) / gain	-	-	-
Loss before income taxes	(0.2)	-	(0.2)
Current and deferred income tax expense	-	-	-
Loss	(0.2)	-	(0.2)
Cash flows used in investing activities	(5.0)	(0.4)	(5.4)
Cash flows from financing activities	4.0	-	4.0
Net decrease in cash	(1.0)	(0.4)	(1.4)

Period ended March 31, 2010	Honeymoon US\$m	Australian exploration US\$m	Total US\$m
Revenue	-	-	-
Expenses and other income	-	-	-
Foreign exchange loss	-	-	-
Earnings / (loss) before income taxes	-	-	-
Current and deferred income tax expense	-	-	-
Earnings / (loss)	-	-	-
Cash flows from / (used in) operating activities	-	-	-
Cash flows used in investing activities	(11.4)	-	(11.4)
Cash flows from financing activities	14.7	-	14.7
Net increase in cash	3.3	-	3.3

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19 SEGMENTED INFORMATION

Information reported to the Corporation's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is primarily the operating mine or mineral property and its location. The following financial information is presented by operating segment and is reconciled to the interim financial statements.

The Corporation's reportable operating segments are summarized in the table below:

For the period ended March 31, 2011:

	Revenues US\$m	Operating expenses US\$m	Exploration expenses US\$m	Net finance costs US\$m	Taxation (expense) / recovery US\$m	Depreciation and depletion US\$m	Net earnings/ (loss) US\$m
<i>Kazakhstan</i>							
Akbastau Mine	8.2	(1.7)	-	(0.6)	0.4	(6.4)	0.2
Akdala Mine	4.5	(0.9)	-	(0.4)	(0.7)	(0.8)	2.3
South Inkai Mine	60.6	(15.3)	-	(0.7)	(6.3)	(9.9)	28.9
Karatau Mine	23.2	(3.6)	-	(0.9)	(2.9)	(7.7)	8.6
Zarechnoye Mine	5.4	(1.8)	-	(0.9)	0.1	(2.6)	0.7
Kharasan Project	-	-	-	(0.3)	-	-	0.7
<i>United States</i>							
Development projects	-	-	-	-	-	-	-
Exploration projects	-	-	(0.9)	-	1.8	-	0.9
Conventional mining projects	-	-	-	-	-	-	(0.3)
<i>Australia</i>							
Honeymoon Project	-	-	(0.3)	-	-	-	(0.2)
<i>Corporate and other</i>	-	-	-	(5.9)	-	-	(27.8)
	101.9	(23.3)	(1.2)	(9.7)	(7.6)	(27.4)	14.0

For the period ended March 31, 2010:

	Revenues US\$m	Operating expenses US\$m	Exploration expenses US\$m	Net finance costs US\$m	Taxation (expense) / recovery US\$m	Depreciation and depletion US\$m	Net earnings/ (loss) US\$m
<i>Kazakhstan</i>							
Akbastau Mine	-	-	-	-	-	-	-
Akdala Mine	8.8	(2.8)	-	(0.1)	(0.5)	(2.0)	3.1
South Inkai Mine	21.2	(9.6)	-	(0.1)	(0.7)	(5.7)	4.7
Karatau Mine	5.5	(1.6)	-	(1.4)	(0.6)	(4.1)	(1.6)
Zarechnoye Mine	-	-	-	-	-	-	-
Kharasan Project	-	-	-	-	-	-	0.4
<i>United States</i>							
Development projects	-	-	-	-	1.3	-	1.3
Exploration projects	-	-	(0.7)	-	-	-	(0.7)
Conventional mining projects	-	-	-	-	-	-	(0.3)
<i>Australia</i>							
Honeymoon Project	-	-	(0.1)	-	-	-	-
<i>Corporate and other</i>	-	-	(0.1)	(8.2)	(0.1)	-	(8.3)
	35.5	(14.0)	(0.9)	(9.8)	(0.6)	(11.8)	(1.4)

Notes to the Consolidated Financial Statements - Unaudited

as at March 31, 2011, December 31, 2010 and January 1, 2010

19 SEGMENTED INFORMATION (CONTINUED)**As at March 31, 2011:**

	Mineral interest plant and equipment US\$m	Total assets US\$m	Deferred tax liabilities US\$m	Total liabilities US\$m	Additions US\$m
<i>Kazakhstan</i>					
Akbastau Mine	744.2	767.6	117.1	158.8	1.5
Akdala Mine	134.2	181.0	19.6	27.0	0.8
South Inkai Mine	397.4	436.7	48.0	64.8	3.6
Karatau Mine	498.8	503.8	89.8	123.3	5.2
Zarechnoye Mine	252.3	275.9	35.2	98.9	3.1
Kharasan Project	140.5	168.5	11.6	81.1	5.5
<i>United States</i>					
Development projects	120.7	142.7	-	5.9	7.5
Exploration projects	34.6	35.5	4.9	4.9	-
Conventional mining projects	15.6	23.8	5.0	10.1	-
<i>Australia</i>					
Honeymoon Project	16.6	26.0	-	7.5	3.9
<i>Corporate and other</i>	9.1	429.2	-	446.9	0.1
	2,364.0	2,990.7	331.2	1,029.2	31.2

As at December 31, 2010:

	Mineral interest plant and equipment US\$m	Total assets US\$m	Deferred tax liabilities US\$m	Total liabilities US\$m	Additions US\$m
<i>Kazakhstan</i>					
Akbastau Mine	737.5	757.5	117.0	155.2	-
Akdala Mine	135.9	182.0	20.0	26.6	3.3
South Inkai Mine	396.0	462.7	49.0	60.3	22.0
Karatau Mine	498.3	511.4	89.7	144.6	24.2
Zarechnoye Mine	249.6	271.1	35.4	97.9	-
Kharasan Project	136.9	155.0	11.6	87.0	17.2
<i>United States</i>					
Development projects	113.0	135.0	-	6.4	27.4
Exploration projects	34.6	35.5	6.3	6.7	-
Conventional mining projects	15.6	23.8	5.0	10.0	-
<i>Australia</i>					
Honeymoon Project	12.6	23.2	-	8.6	33.7
<i>Corporate and other</i>	9.9	400.9	-	424.6	0.8
	2,339.9	2,958.1	334.0	1,027.9	128.6

Notes to the Consolidated Financial Statements - Unaudited

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19 SEGMENTED INFORMATION (CONTINUED)

As at January 1, 2010:

	Mineral interest plant and equipment US\$m	Total assets US\$m	Deferred tax liabilities US\$m	Total Liabilities US\$m
<i>Kazakhstan</i>				
Akbastau Mine	-	-	-	-
Akdala Mine	150.4	183.9	18.2	24.0
South Inkai Mine	406.0	448.3	37.7	49.0
Karatau Mine	511.7	532.7	74.6	174.6
Zarechnoye Mine	-	-	-	-
Kharasan Project	127.0	135.9	7.9	62.1
<i>United States</i>				
Development projects	29.1	29.6	-	0.2
Exploration projects	33.1	33.9	-	-
Conventional mining projects	15.7	23.1	-	4.8
<i>Australia</i>				
Honeymoon Project	15.3	21.9	-	3.3
<i>Corporate and other</i>				
	16.7	293.8	-	364.7
	1,305.0	1,703.1	138.4	682.7

20 CONTINGENT LIABILITIES

Betpak Dala is disputing a tax assessment of approximately \$23 million in respect of the 2004 to 2008 taxation years, which primarily relates to excess profit tax. Excess profit tax is not applicable to the Corporation's operations in Kazakhstan following the January 1, 2009 amendments to Kazakhstan's tax code. Betpak Dala's appeals against the tax assessment have so far been unsuccessful and Betpak Dala intends to apply to the Kazakh Supreme Court for leave to appeal the lower courts' decisions. Betpak Dala paid \$18 million of the disputed amount, to ensure that there is no interruption in their business. Following consultation with external legal counsel, the Corporation assessed there to be a high probability to successfully recover payments made in respect of the assessment. Accordingly, the Corporation has not recognised the income tax expense, but recorded the payment in trade and other receivables that the Corporation expects to recover against future tax assessments.

Notes to the Consolidated Financial Statements - Unaudited

as at March 31 2011, December 31, 2010 and January 1, 2010

21 FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Canadian Accounting Standards Board has mandated the adoption of IFRS effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011 for Canadian publicly accountable profit-orientated enterprises. The date of transition is January 1, 2010 and as a result the 2010 comparative information has been adjusted to conform with IFRS.

Under IFRS 1: First time adoption of financial reporting standards, IFRS are applied retrospectively at the transition balance sheet with all adjustments to assets and liabilities as stated under Canadian generally accepted accounting principles recorded to retained earnings unless certain exemptions are applied. The primary exemptions applied by the Corporation are:

Fair value as deemed cost

IFRS 1 allows the Corporation to initially measure an item of property, plant and equipment and investment property upon transition to IFRS at fair value as deemed cost (or under certain circumstances using a previous GAAP revaluation) as opposed to full retroactive application of the cost model under IFRS. Under this option, fair value as deemed cost will become the new cost amount for qualifying assets at transition.

The Corporation has elected to use the fair value as deemed cost for selected properties. Applying the IFRS 1 elections for fair value as deemed cost to certain long lived assets will limit the IFRS requirement to reverse impairments previously recognized.

Business combinations

IFRS 1 generally provides for the business combinations standard to be applied either retrospectively or prospectively from the date of transition to IFRS (or to restate all business combinations after a selected date). Retrospective application would require an entity to restate all prior transactions that meet the definition of a business under IFRS. Prospective application requires that the first-time adopter shall recognize at the previous carrying amount all its assets and liabilities at the date of transition to IFRS's that were acquired or assumed in past business combinations, other than certain assets and liabilities as defined by IFRS 1.

The Corporation has elected to apply the business combination standard prospectively with adjustments as necessary, and have to recognize contingent liabilities and payments not previously recognized that arose from past business combinations. Contingent payments of a cash nature are recognized as liabilities and payments that are equity in nature are recognized in equity as part of reserves.

Cumulative translation differences

An entity may elect to deem the cumulative translation differences that resulted from the translation of its foreign operations to the reporting currency to be zero at the transition date. This will result in the exclusion of translation differences that were recorded in accumulated other comprehensive income arose prior to the transition date and from gains or losses on a subsequent disposal of a foreign operation.

The Corporation has elected to reset the cumulative translation differences to zero on transition date.

Borrowing costs

On adoption, an entity may designate any date on or before January 1, 2010 to commence capitalization of borrowing costs relating to all qualifying development projects commencing after such date.

The Corporation has elected to implement a policy for capitalization of borrowing costs on January 1, 2010.

IFRS 1 also outlines specific guidance that a first-time adopter must adhere to under certain circumstances. The Corporation has applied the following guidelines to its opening balance sheet dated January 1, 2010:

Assets and liabilities of subsidiaries and joint ventures

In accordance with IFRS 1, if a parent company adopts IFRS subsequent to its subsidiary or joint venture adopting IFRS, the assets and liabilities of the subsidiary or joint venture are to be included in the consolidated financial statements at the same carrying amounts as in the financial statements of the subsidiary or joint venture. The Corporation has subsidiaries and joint ventures that have already adopted IFRS.

Estimates

In accordance with IFRS 1, an entity's estimate under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were erroneous. The Corporation applied estimates that are consistent with the estimates made for its Canadian GAAP reporting.

Notes to the Consolidated Financial Statements - Unaudited

as at March 31 2011, December 31, 2010 and January 1, 2010

**21 FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS
(CONTINUED)***Balance sheet reconciliation – January 1, 2010*

	Notes	Canadian GAAP US\$m	IFRS adjustment US\$m	Classification adjustments US\$m	IFRS US\$m
ASSETS					
Current assets					
Cash, cash equivalents and restricted cash		148.5	-	-	148.5
Trade and other receivables (Accounts and other receivables) ¹		42.4	-	-	42.4
Inventories	c	71.6	(2.8)	-	68.8
Other assets		24.5	-	(1.1)	23.4
		287.0	(2.8)	(1.1)	283.1
Non-current assets					
Mineral interests, property, plant and equipment	a c d	1,748.3	(312.1) (133.0) 1.8	- - -	1,305.0
Loans to joint ventures		29.3	-	-	29.3
Other assets		33.1	-	52.6	85.7
Assets held for sale		51.5	-	(51.5)	-
		1,862.2	(443.3)	1.1	1,420.0
Total assets		2,149.2	(446.1)	-	1,703.1
LIABILITIES					
Current liabilities					
Trade and other payables (Accounts and other payables) ¹	g	65.9	-	(20.2)	45.7
Current tax payable (Income tax payable) ¹		1.6	-	-	1.6
Current portion of joint venture debt		5.0	-	(5.0)	-
Interest bearing liabilities (Current portion of long term debt) ¹		63.6	-	5.0	68.6
Provisions		-	-	20.2	20.2
Other financial liabilities	g	132.1	-	-	132.1
		268.2	-	-	268.2
Non-current liabilities					
Interest bearing liabilities (Long term debt) ¹	g	-	-	47.6	47.6
Joint venture debt		47.6	-	(47.6)	-
Convertible debentures		140.9	-	-	140.9
Asset retirement obligations		16.1	-	(16.1)	-
Provisions	e	-	56.7	17.8	74.5
Deferred tax liabilities (Future income tax) ¹	a	180.7	(42.3)	-	138.4
Other financial liabilities	e,g	1.9	-	11.2	13.1
Liabilities held for sale		12.9	-	(12.9)	-
		400.1	14.4	-	414.5
Equity		1,480.9	(460.5)	-	1,020.4
Total equity and liabilities		2,149.2	(446.1)	-	1,703.1

⁽¹⁾ Terms used in brackets represent Canadian GAAP terminology

Notes to the Consolidated Financial Statements - Unaudited

as at March 31 2011, December 31, 2010 and January 1, 2010

**21 FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS
(CONTINUED)***Balance sheet reconciliation – December 31, 2010*

	Notes	Canadian GAAP US\$m	IFRS adjustment US\$m	Classification adjustments US\$m	IFRS US\$m
ASSETS					
Current assets					
Cash, cash equivalents and restricted cash		315.8	-	8.6	324.4
Restricted cash		8.6	-	(8.6)	-
Trade and other receivables (Accounts and other receivables) ¹		103.4	-	-	103.4
Inventories	c	91.0	(1.0)	-	90.0
Other assets		13.6	-	(0.8)	12.8
		532.4	(1.0)	(0.8)	530.6
Non-current assets					
Mineral interests, property, plant and equipment	a	2,729.9	(365.0)	(25.0)	2,339.9
Loans to joint ventures		28.7	-	-	28.7
Other assets		78.0	(2.2)	(16.9)	58.9
		2,836.6	(367.2)	(41.9)	2,427.5
Total assets		3,369.0	(368.2)	(42.7)	2,958.1
LIABILITIES					
Current liabilities					
Trade and other payables (Accounts and other payables) ¹		82.8	-	(10.6)	72.2
Current tax payable (Income tax payable) ¹		13.8	-	-	13.8
Interest bearing liabilities (Current portion of long term debt) ¹		60.1	-	-	60.1
Provisions		-	-	-	-
Current portion of convertible debentures		151.4	-	-	151.4
Other financial liabilities		25.4	-	10.6	36.0
		333.5	-	-	333.5
Non-current liabilities					
Interest bearing liabilities (Long term debt) ¹		-	-	86.2	86.2
Joint venture debt		86.2	-	(86.2)	-
Convertible debentures	d	206.3	2.4	-	208.7
Asset retirement obligations		26.2	-	(26.2)	-
Provisions	e	-	73.9	(8.8)	65.1
Deferred tax liabilities (Future income tax) ¹	a	377.3	(38.3)	(5.0)	334.0
Other financial liabilities		3.1	-	(2.7)	0.4
		699.1	38.0	(42.7)	694.4
Equity		2,336.4	(406.2)	-	1,930.2
Total equity and liabilities		3,369.0	(368.2)	(42.7)	2,958.1

⁽¹⁾ Terms used in brackets represent Canadian GAAP terminology

Notes to the Consolidated Financial Statements - Unaudited

as at March 31 2011, December 31, 2010 and January 1, 2010

**21 FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS
(CONTINUED)***Income statement reconciliation for the period ended March 31, 2010*

	Notes	Canadian GAAP US\$m	IFRS adjustment US\$m	Classification adjustments US\$m	IFRS US\$m
Revenues		35.5			35.5
Operating expenses	c	(14.1)	0.1	-	(14.0)
Depreciation	c	(12.5)	0.7	-	(11.8)
Earnings from mine operations		8.9	0.8		9.7
General and administrative		(9.4)	-	-	(9.4)
Exploration expense		(0.9)	-	-	(0.9)
Impairment of mineral interests, plant and equipment		(1.2)	-	-	(1.2)
Care and maintenance		(1.6)	-	-	(1.6)
Operating (loss) / earnings		(4.2)	0.8		(3.4)
Financial income (Interest and other income) ¹		1.0	-	-	1.0
Financial expense (Interest and other income) ¹	e	(9.1)	(1.7)	-	(10.8)
Foreign exchange (loss) / gain	c	(7.5)	11.5	-	4.0
Other	d,e	(1.1)	9.5	-	8.4
(Loss) / earnings before income taxes		(20.9)	20.1		(0.8)
Current income tax expense		(3.2)	-	3.2	-
Deferred income tax recovery		2.6	-	(2.6)	-
Current and deferred income tax expense		-	-	(0.6)	(0.6)
Net loss		(21.5)	20.1		(1.4)
Net loss per share					
Basic and diluted		(0.04)			(0.00)
Weighted average number of shares (millions)					
Basic and diluted		587.3			587.3

⁽¹⁾ Terms used in brackets represent Canadian GAAP terminology

Notes to the Consolidated Financial Statements - Unaudited

as at March 31 2011, December 31, 2010 and January 1, 2010

**21 FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS
(CONTINUED)****Cash flow statement reconciliation for period ended March 31, 2010**

	Notes	Canadian GAAP US\$m	IFRS adjustment US\$m	IFRS US\$m
Net (loss) / earnings from continuing operations		(21.5)	20.1	(1.4)
Items not affecting cash:				
- Fair value adjustment included in revenue		(3.4)	3.4	-
- Depreciation and depletion	c	12.5	(0.7)	11.8
- Impairment of mineral interest plant and equipment		1.2	-	1.2
- Stock option and restricted share expense		2.0	(2.0)	-
- Interest accrued	e	6.4	4.4	10.8
- Income tax expense		-	3.2	3.2
- Unrealized foreign exchange loss / (gain)	c	6.4	(11.5)	(5.1)
- Future income tax recovery		(2.6)	-	(2.6)
- Fair value adjustment on financial liabilities	d,e	-	(10.4)	(10.4)
- Other		0.5	(2.8)	(2.3)
Movement in non-cash working capital		(1.3)	1.1	(0.2)
Operating cash flow before interest and tax		0.2	4.8	5.0
- Tax paid		-	(4.2)	(4.2)
- Interest expense paid		-	(0.6)	(0.6)
Cash flow from operations		0.2	-	0.2
Acquisition of mineral interests, plant and equipment		(21.0)	-	(21.0)
Cash payments for other assets		(17.4)	-	(17.4)
Acquisition of Christensen Ranch and Irigaray		(28.9)	-	(28.9)
Acquisition of available for sale securities		(26.4)	-	(26.4)
Karatau promissory note and contingent payment		(111.8)	-	(111.8)
Restricted cash		(8.6)	8.6	-
Other		(0.1)	-	(0.1)
Cash flows (used in) / from investing activities		(214.2)	8.6	(205.6)
Common shares issued, net of issue costs		0.1	-	0.1
Net loans received by joint ventures		12.3	-	12.3
Debentures issued, net of issue costs		498.6	-	498.6
Cash flows from financing activities		511.0	-	511.0
Effects of exchange rate changes on cash and cash equivalents		5.9	-	5.9
Net increase in cash and cash equivalents		302.9	8.6	311.5
Cash and cash equivalents at the beginning of the period		148.5	-	148.5
Cash and cash equivalents at the end of the period		451.4	8.6	460.0

(1) Terms used in brackets represent Canadian GAAP terminology

Notes to the Consolidated Financial Statements - Unaudited

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**21 FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS
(CONTINUED)***Reconciliation of comprehensive income/loss*

	Notes	Period ended Mar 31, 2010 US\$m	Year ended Dec 31, 2010 US\$m
Comprehensive income under Canadian GAAP		(21.0)	(176.1)
Income statement adjustments:			
Exchange differences on translation	c	11.5	12.7
Impairment of mineral interest, property, plant and equipment	a	-	65.7
Fair value adjustment of financial liabilities	d	4.9	(8.9)
Fair value adjustment of embedded derivative	d	4.6	(26.5)
Unwinding of contingent liabilities	e	(1.7)	(7.0)
Other		0.8	-
Other comprehensive income adjustments:			
Exchange differences on translation	c	1.7	(6.8)
Total IFRS conversion comprehensive income adjustments		21.8	29.2
Comprehensive income under IFRS		0.8	(146.9)

Reconciliation of shareholders' equity

	Notes	Period ended Mar 31, 2010 US\$m	Year ended Dec 31, 2010 US\$m	Jan 1, 2010 US\$m
Under Canadian GAAP		1,631.7	2,336.4	1,480.9
IAS 36 - Impairment of assets	a	(269.8)	(210.8)	(269.8)
IAS 21 - Effects of Changes in Foreign Exchange rates	c	(124.0)	(122.1)	(135.8)
IAS 39 - Financial instruments	d	(39.4)	(2.3)	-
IFRS 1 - Business combinations	e	(51.8)	(71.0)	(54.9)
Under IFRS		1,146.7	1,930.2	1,020.4

Explanation of differences between Canadian GAAP and IFRS giving rise to the adjustment in the reconciliations:

(a) *IAS 36 - Impairment of assets*

Under Canadian GAAP, impairment is recognized for non-financial assets based on estimated fair value when the undiscounted future cash flows from an asset, or group of assets, is less than the carrying value.

Under IFRS, an entity is required to assess at the end of each reporting period where there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset, determined as the higher of the estimated fair value less cost to sell or value in use. Value in use is the discounted present value of estimated future cash flows expected to arise from the planned use of an asset and from its disposal at the end of its useful life.

IFRS also requires the reversal of an impairment loss when the recoverable amount is higher than the carrying value (by no more than what the depreciated amount of the asset would have been had the impairment not occurred) unlike Canadian GAAP, which does not permit reversals.

The Corporation performed its analysis of impairment of its properties on the transition date. The assessment resulted in IFRS opening balance sheet impairments of \$312.1 million on the Honeymoon Project (\$62.8 million), the Kharasan Project (\$48.9 million), the Corporation's United States Development projects in Wyoming (\$174.7 million) and its Conventional mining projects in the United States (\$25.7 million). The Honeymoon project was impaired under Canadian GAAP for the year ended December 31, 2010, aligning the value with IFRS.

(b) *IFRS 2 - Share based payments*

Under Canadian GAAP, the Corporation elected to accrue compensation cost as if all instruments granted were expected to vest and recognize the effect of actual forfeitures as they occur.

Under IFRS, an entity is required to estimate the number of equity-settled instruments that are expected to vest and then make adjustments to the actual number that vest unless forfeitures are due to market-based conditions. The application of a forfeiture rate on the options resulted in a larger portion of the options being expensed on transition date.

Notes to the Consolidated Financial Statements - Unaudited

as at March 31 2011, December 31, 2010 and January 1, 2010

21 FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

(c) *IAS 21- The effects of changes in foreign exchange rates*

Under Canadian GAAP, there are various indicators to be considered in determining the appropriate functional currency of a foreign operation and such indicators are similar to those under IFRS.

When the assessment of functional currency under IFRS provides mixed indicators and the functional currency is not obvious, priority should be given to certain indicators.

As the Corporation has interests in entities that prepare stand alone IFRS financial statements, the functional currency used in such financial statements needs to be consistent with the functional currency used in the group financial statements. The Corporation has identified certain entities where the functional currency changed to the local currency on transition to IFRS and this resulted in non-monetary assets and liabilities being translated to the reporting currency using the closing rate on balance sheet date, compared to the historical rate.

(d) *IAS 39 – Financial instruments*

Under Canadian GAAP, embedded derivative accounting is not required for a cash conversion option included as a feature of a convertible debenture, as the cash conversion feature is regarded as a settlement feature of the instrument.

Under IFRS, a cash conversion option included as a feature of a convertible debenture meets the definition of an embedded derivative and is required to be separated and accounted for as a derivative instrument.

The Corporation recognized the conversion option of the 2010 Debentures as a liability carried at fair value through profit and loss. The adjustment had no effect on the opening balance sheet as the convertible debentures were issued during 2010. The comparative 2010 position has been adjusted.

(e) *IFRS 1 – Business combinations election*

The Corporation has elected to apply the business combination standard prospectively with adjustments as necessary, and have to recognize contingent liabilities and payments not previously recognized that arose from past business combinations. Contingent payments of a cash nature are recognized as liabilities and payments that are equity in nature is recognized in equity as part of reserves.

(f) *IFRS 1 – Cumulative translation losses election*

The Corporation has elected to reset the cumulative translation losses to zero on transition date.

(g) *Reclassifications*

The Corporation has reclassified certain balances on its balance sheet and cash flow statement to conform with its adjusted note disclosures resulting from the transition.